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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4988  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 1075  
RUEHBY/AMEMBASSY CANBERRA 9846  
RUEHKA/AMEMBASSY DHAKA 4292  
RUEHLO/AMEMBASSY LONDON 1755  
RUEHNE/AMEMBASSY NEW DELHI 3481  
RUEHUL/AMEMBASSY SEOUL 6943  
RUEHTC/AMEMBASSY THE HAGUE 0538  
RUEHKO/AMEMBASSY TOKYO 4561  
RUEHCI/AMCONSUL CALCUTTA 0869  
RUEHCN/AMCONSUL CHENGDU 0872  
RUDKIA/AMCONSUL CHIANG MAI 0582  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHGV/USMISSION GENEVA 2818  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 0463  
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 001195

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STATE FOR EAP/MLS; PACOM FOR FPA

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TAGS: [PHUM](#) [EAID](#) [SOCI](#) [KHIV](#) [BM](#)  
SUBJECT: THREE DISEASES FUND DONORS MOVE AHEAD

REF: A. RANGOON 154

[1](#)B. 05 RANGOON 1422

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Classified By: Econoff TLManlowe for Reason 1.4 (b,d).

[1](#)1. (SBU) Summary: The new Three Diseases (3D) Fund in Burma should become operational by December 2006. The UN is recruiting Fund staff and the UK just announced a \$38 million funding commitment to the 3D Fund, while the Netherlands committed one million euros. The six donor nations -- UK, EC, Australia, Netherlands, Norway and Sweden -- expect their funds to increase access to and medical coverage for those who suffer from malaria, TB, and HIV/AIDS in Burma. The NLD supports the Fund, but many pro-democracy activists doubt the GOB will resist interfering in the operations and permit full transparency. While the Fund's structure addresses many prior concerns about control and monitoring of funds, no one can predict whether the GOB will honor its promise to allow more access and accountability. End summary.

3D Fund Structure Addresses Some Accountability Concerns  
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[1](#)2. (SBU) Australia, UK, EC, Netherlands, Sweden and Norway have agreed to support the new Three Diseases (3D) Fund as a "single communicable disease program" based on Burma's National Strategies to Combat Malaria, TB, and HIV/AIDS. As Fund literature states, the 3D Fund was "developed by a group of concerned donors to address the health needs of the poor and vulnerable" after the withdrawal of the Global Fund in August 2005. AusAID's Rangoon Director, Sue Nelson, said that donors are being careful to emphasize that the 3D Fund "is not replacing the Global Fund. We did extensive research before designing the program, and the bureaucratic structure is very different from the Global Fund." Some donors will

also continue their bilateral malaria, TB and HIV/AIDS projects outside the Fund's umbrella.

¶3. (U) The proposed 3D Fund design includes a Coordination Group chaired by the Ministry of Health, supported by a strategic and technical group for each disease. These smaller groups include government, NGO, and civil society representatives. The umbrella Coordination Group would maintain a dialogue, facilitated by the UN Resident Coordinator, with 3D Fund donors. The 3D Fund Manager, a UNOPS employee, would decide which aspects of Burma's National Strategies to Combat Malaria, TB, and HIV/AIDS could be supported, and would supervise contracted agents to manage the individual grants. The Fund Manager would also supervise project implementation and contract management, including accountability and monitoring. Projects would be drawn from the National Strategies and would include efforts to strengthen disease prevention, as well as treatment and care for victims.

¶4. (SBU) According to Paul Thornton, consultant to the UN Resident Coordinator, project contracts will be awarded and implemented transparently through tendering and monitoring processes conducted by the Fund Manager and overseen by 3D Fund board members. Contracted service providers from the UN, international and local NGOs, private sector organizations, and local-level government would implement programs selected by 3D Fund management. The 3D Fund's organizational diagram shows a "firewall" to keep the control of funds separate from GOB technical and strategic bodies. The 3D Fund will implement projects from the three National Strategies through independently administered contracts to keep them separate from personnel supporting Burmese National Programs.

¶5. (SBU) Donors expect that the five-year program will begin  
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by December 2006. UNDP External Affairs Officer Beth Moorthy told us on August 14 that arrangements to set up 3D Fund offices in Rangoon are progressing rapidly, and they should be ready before December. She said the Fund Manager position has been advertised, but not yet filled.

#### 3D Funding -----

¶6. (SBU) 3D Fund donors told UN, INGO and GOB reps at a recent meeting that they had agreed to commingle funds, with the expectation that access, range of coverage, and the amount of support available to combat the three diseases in Burma would increase as a result. According to former UK Ambassador Vicky Bowman, donor countries may receive funding from their headquarters on different schedules, but the program design will allow the fund to proceed as soon as money from any source is committed. On August 9, the UK's International Development Minister announced a commitment of \$38 million over five years. The Netherlands government approved one million euros in funding for 2006, and expects to approve the same amount for 2007 and 2008. AusAID's local director said she expects the Australian government to announce its contribution soon, perhaps this week. As the donors' level of interest and confidence has grown, so has Australia's intended contribution, though it would still be less than the UK's and EC's, Nelson said. Amb. Bowman said that donors would ultimately provide total funding close to the Global Fund's withdrawn total of \$98 million.

¶7. (U) To cover ongoing health care programs during the interim between the official end of Global Fund support on August 21 and the anticipated December implementation of the 3D Fund, the UN/NGO/GOB Expanded Theme Group on AIDS in Myanmar recently agreed to provide \$252,000 from its Fund for HIV/AIDS in Myanmar (FHAM).

Impact of the GOB's Draft NGO Regulations

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¶8. (SBU) To address potential difficulties in implementation caused by GOB-proposed guidelines regulating activities of international organizations and NGOs in Burma (ref A), donors recently presented an outline of their "operating principles" for 3D Fund projects to Minister of Health Dr. Kyaw Myint. According to AusAID's Nelson, the document covered such topics as project access, equity, vulnerable communities, travel, and advance notification deadlines. The outline accommodates the EU Common Position and strictly addresses donor concerns about GOB interference. Donors received a brief reply from the Minister that the proposed "operating principles" had been approved. The Minister gave no further details.

¶9. (C) The Australian Ambassador told the Charge that the Fund organizers decided it would be more expeditious to draft their own regulations rather than engage in laborious negotiations with the GOB over the regulations. Donor reps tell us they intend to proceed adhering to the internationally accepted principles of humanitarian assistance they incorporated into their proposal, but the GOB's minimalist response to the donors' proposed operational guidelines worries our UN contacts. It may, however, also work to the advantage of project implementors by allowing greater flexibility as they attempt to work out arrangements with GOB officials at regional and local levels.

Reaction from Pro-Democracy Groups  
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¶10. (SBU) Reaction from the pro-democracy groups ranges from

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cautious support to outright objection. The NLD sent a letter to the DFID coordinator expressing its support for the proposed fund. We separately confirmed in a meeting with the NLD "Uncles" that the party does indeed support the Fund, while remaining cautious about its ability to work effectively without GOB interference and harassment. In contrast, several human rights and student activists told Emboffs that although they agreed with the NLD policy that humanitarian aid should be allowed into the country, they strongly believe the SPDC will never allow the conditions of accountability, transparency, and financial management that would allow the 3D Fund to succeed. They instead appealed for additional funding for grassroots organizations that promote democracy, arguing that the political climate must change before humanitarian assistance would be allowed to reach those in need.

¶11. (SBU) Comment: By designing a program that keeps control of funding out of the hands of the GOB and its proxy organizations, 3D Fund donors have tried to address some of the concerns that led to the 2005 withdrawal of the Global Fund, particularly those that restricted the donors' ability to select and adequately monitor fund projects. Several highly reputable INGOs with experience working within Burma have expressed an intention to bid on 3D Fund projects, which should strengthen confidence that funds will be well spent. However, many opportunities for GOB interference lie ahead, especially when it comes time to begin project implementation, obtain access to project sites, and ensure transparency and accountability. With the British and Dutch funding commitments, the 3D Fund has gotten underway despite remaining doubts, and donors will be watching carefully to ensure their funds go where intended. The temptation for the GOB to continue its previous practices of restriction and interference will be great, but so are the country's public health needs. The success of the 3D Fund will be a good test of whether Burmese senior leadership is willing to work with the international community in a more transparent manner to help address the country's most serious needs. End comment.

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